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CHARTER TOWNSHIP OF BANGOR BAY COUNTY, MICHIGAN

FINANCIAL STATEMENTS DECEMBER 31, 2007

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INDEX

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3a-3k
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET ASSETS	4
STATEMENT OF ACTIVITIES	5
FUND FINANCIAL STATEMENTS:	
GOVERNMENTAL FUNDS	
BALANCE SHEET	6
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS	7
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	8
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	9
PROPRIETARY FUNDS	
STATEMENT OF NET ASSETS	10
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS	11
STATEMENT OF CASH FLOWS	12
FIDUCIARY FUNDS	
STATEMENT OF FIDUCIARY NET ASSETS	13
COMPONENT UNITS	
STATEMENT OF NET ASSETS	14
STATEMENT OF ACTIVITIES	15

INDEX

	<u>PAGE</u>
NOTES TO FINANCIAL STATEMENTS	16-29
REQUIRED SUPPLEMENTAL INFORMATION	
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	30
BUDGETARY COMPARISON SCHEDULE – SANITARY SEWER FUND	31
BUDGETARY COMPARISON SCHEDULE – TRASH COLLECTION FUND	32
BUDGETARY COMPARISON SCHEDULE – DRAIN RELIEF OPERATING FUND	33
OTHER SUPPLEMENTAL INFORMATION	
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	34
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS	35
COMBINING STATEMENT OF NET ASSETS– PROPRIETARY SEWER FUND	36
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS – PROPRIETARY SEWER FUND	37
COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY SEWER FUND	38



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INDEPENDENT AUDITORS' REPORT

May 29, 2008

Township Board
Charter Township of Bangor
Bay County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Bangor, Bay County, Michigan as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the index. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Bangor as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

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Township Board
Charter Township of Bangor
May 29, 2008
Page 2

The accompanying management's discussion and analysis and budgetary comparison information as noted in the index are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Bangor's basic financial statements. The accompanying other supplemental information, as identified in the index, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Weinlander Fitzhugh

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

Our discussion and analysis of the Charter Township of Bangor's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2007.

Financial Highlights

State shared revenues accounted for \$1,167,025 or 42% of the Township's total general fund revenues. The General Fund reported an increase in fund balance of \$267,826, of which \$200,195 is reserved for Fire Department expenditures.

Using this Annual Financial Report

This annual financial report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Charter Township of Bangor financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole Township, presenting both an aggregate view of the Township's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For Governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending.

The fund financial statements look at the Township's operations in more detail than the Government-wide financial statements by providing information about the Township's most significant fund – the General Fund, with all other funds presented in one column as nonmajor funds. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the Government-wide financial statements for the Township's water and sewer operations. The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the Township acts solely as an agent or trustee.

The following summarizes the presentation included in this annual financial report.

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to the Basic Financial Statements

Budgetary Information for the General Fund, Sanitary Sewer Fund, Trash Collection Fund, and the Relief Drain Operating Fund (Required Supplemental Information)

Other Supplemental Information

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

Reporting the Township as a Whole

The Statement of Net Assets and Statement of Activities

One of the most important questions asked about the Township's finances is, "Is the Township better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the Township's net assets as a way to measure the Township's financial position. The change in net assets provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as property tax base, and facility conditions in arriving at their conclusion regarding the overall health of the Township.

In the Statement of Net Assets and the Statement of Activities, the Township is divided into three kinds of activities:

- Governmental Activities – Most of the Township's basic services are reported here, including the fire, trash, inspection, drains and general administration. Sales taxes (state shared revenues), property taxes and franchise fees finance most of these activities.
- Business Type Activities – The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Township's water and sewer systems are reported here.
- Component Units – The Township includes two separate legal entities in its report - Downtown Development Authority and Economic Development Corporation. Although legally separate, these component units are important because the Township is financially accountable for them.

Reporting the Township's Most Significant Funds

Fund Financial Statements

The Township's fund financial statements provide detailed information about the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. Other funds are established to help it control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants, and other sources of revenue. The Township's three types of funds, Governmental, proprietary and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

Governmental Funds

Most of the Township's activities are reported in Governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The Governmental fund statements provide a detailed short-term view of the Township's general operations and the basic services it provides.

Governmental fund information helps you determine whether there are more or fewer financial resources available to spend in the near future to finance the Township's programs. The relationship (or differences) between Governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and Governmental funds is reconciled in the basic financial statements.

Proprietary Funds

These funds are reported in fund financial statements and generally report services for which the Township charges a fee. Enterprise funds essentially encompass the same functions reported as business-type activities in the Government-wide statements.

This fund presents the Township's water and sewer operations that are managed by the Bay County Department of Water and Sewer. The Township has sole authority to set rates and is financially responsible for the integrity of the system.

Fiduciary Funds

The Township is the trustee, or fiduciary, for tax collections and (other funds). All of the Township's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the Township's other financial statements because the assets cannot be utilized by the Township to finance its operations.

Township-wide Financial Analysis

Financial position - The statement of net assets provides the perspective of the Township as a whole. Exhibit A provides a summary of the Township's net assets as of December 31, 2007 and 2006.

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

<u>Exhibit A</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Assets						
Current and other assets	\$ 5,621,473	\$ 5,186,944	\$ 3,962,098	\$ 3,369,341	\$ 9,583,571	\$ 8,556,285
Capital assets - net of accumulated depreciation	1,574,970	1,460,356	12,365,244	12,558,713	13,940,214	14,019,069
Total assets	7,196,443	6,647,300	16,327,342	15,928,054	23,523,785	22,575,354
Liabilities						
Current liabilities	2,241,591	1,990,130	1,231,369	738,900	3,472,960	2,729,030
Long-term liabilities	13,271	0	48,956	698,882	62,227	698,882
Total liabilities	2,254,862	1,990,130	1,280,325	1,437,782	3,535,187	3,427,912
Net Assets						
Invested in property and equipment - net of related debt	1,562,206	1,460,356	11,718,860	11,208,237	13,281,066	12,668,593
Restricted	1,792,925	1,664,216	0	0	1,792,925	1,664,216
Unrestricted	1,586,450	1,532,598	3,328,157	3,282,035	4,914,607	4,814,633
Total net assets	\$ 4,941,581	\$ 4,657,170	\$ 15,047,017	\$ 14,490,272	\$ 19,988,598	\$ 19,147,442

Exhibit A focuses on net assets. The Township's total governmental net assets were \$4,941,581 at December 31, 2007. Capital assets net of related debt, totaling \$1,562,206 compares the original costs, less depreciation of the Township's capital assets to long-term debt used to finance the acquisition of those assets. Restricted net assets of \$1,792,925 are reported separately to show legal constraints that limit the Township's ability to use those net assets for day-to-day operations.

The \$4,914,607 of unrestricted net assets of Governmental and Business-Type Activities represents the *accumulated* results of all past years' operations. The operating results of the General, Special Revenue, and Enterprise Funds will have a significant impact on the change in unrestricted assets from year to year.

Results of operations - The results of this year's operations for the Township as a whole are reported in the statement of activities, which shows the changes in net assets for the year ended December 31, 2007. Exhibit B provides a summary of the Township's operations for 2007 and 2006.

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

	Governmental Activities		Business-Type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Exhibit B</u>						
Revenue						
Program revenue:						
Charges for services	\$ 800,099	\$952,228	\$3,377,335	\$3,259,755	\$4,177,434	\$4,211,983
Grants and contributions	0	36,508	215,632	259,093	215,632	295,601
General revenue:						
Taxes	1,846,189	1,492,890	0	0	1,846,189	1,492,890
State shared revenue	1,167,025	1,182,844	0	0	1,167,025	1,182,844
Interest and investment	260,327	228,903	183,379	158,694	443,706	387,597
Other	53,506	127,186	0	0	53,506	127,186
Total revenue	4,127,146	4,020,559	3,776,346	3,677,542	7,903,492	7,698,101
Function/Program Expenses						
Legislative	33,794	32,034	0	0	33,794	32,034
General government	840,251	780,980	0	0	840,251	780,980
Public safety	1,446,125	1,458,485	0	0	1,446,125	1,458,485
Public works	111,225	106,331	0	0	111,225	106,331
Recreation activities	17,256	19,042	0	0	17,256	19,042
Protective inspections	177,229	196,770	0	0	177,229	196,770
Sanitation	713,188	687,930	0	0	713,188	687,930
Other	288,035	274,157	0	0	288,035	274,157
Payment to enterprise fund	215,632	259,093	0	0	215,632	259,093
Water and sewer	0	0	3,219,601	3,059,325	3,219,601	3,059,325
Total expenses	3,842,735	3,814,822	3,219,601	3,059,325	7,062,336	6,874,147
Increase in						
Net Assets	<u>\$ 284,411</u>	<u>\$205,737</u>	<u>\$ 556,745</u>	<u>\$ 618,217</u>	<u>\$ 841,156</u>	<u>\$ 823,954</u>

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

As reported in the statement of activities, the cost of all of our *Governmental and Business-Type* Activities this year was \$7,062,336. Certain activities were partially funded by \$4,177,434 from those who benefited from the programs, or by the other Townships and organizations that subsidized certain programs with grant and contributions of \$215,632. We paid for the remaining "public benefit" portion of our Governmental and Business-Type Activities with \$1,846,189 in taxes, \$1,167,025 in state shared revenue, and with our other revenues, such as interest and miscellaneous revenues.

The Township experienced an increase in net assets of \$841,156, mainly due to actual expenditures being less than anticipated. There were significant revenue increases in taxes due to the new Fire Department Operating millage and interest earnings for the year. The increase in net assets differs from the change in fund balance and a reconciliation appears in the financial statements.

The governmental activities net assets experienced an increase of \$284,411 resulting from actual expenses incurred being lower than expected levels in the areas of Road Improvement, Fire Department and Information Systems.

The water and sewer funds experienced an increase of \$556,745 resulting from an excess of revenue over expenditures and an increase in interest earnings for the year. Another major factor was an increase in investment in property and equipment-net of related debt, due to related bond principal payments during the year.

The Township's Funds

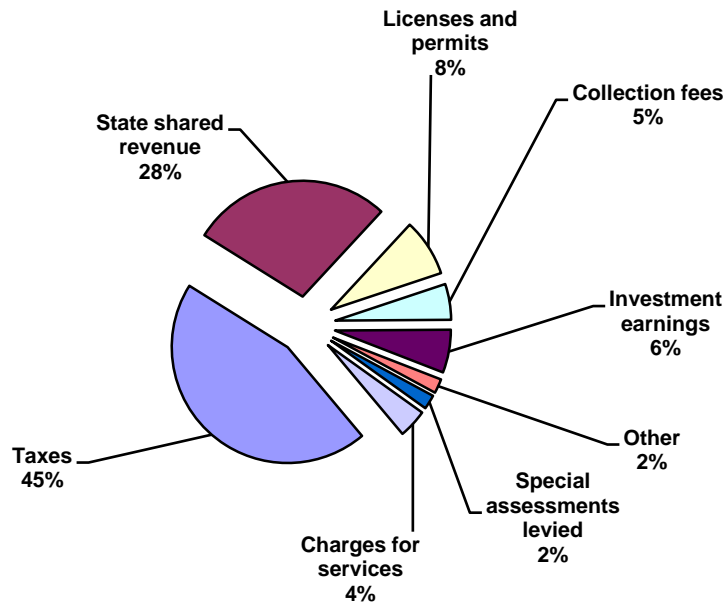
The Township uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the Township is being accountable for the resources taxpayers and others provide to it and may provide more insight into the Township's overall financial health.

The Township's Governmental funds reported a combined fund balance of \$3,393,154, which is above last year's total of \$3,196,815. The schedule below details the fund balance and the total change in fund balances as of December 31, 2007.

	<u>Fund Balance</u> <u>December 31, 2007</u>	<u>Fund Balance</u> <u>December 31, 2006</u>	<u>Increase</u> <u>(Decrease)</u>
General fund	\$ 1,800,424	\$ 1,532,598	\$ 267,826
Special revenue funds	1,592,730	1,664,217	(71,487)
Total	<u>\$ 3,393,154</u>	<u>\$ 3,196,815</u>	<u>\$ 196,339</u>

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

The graph below details the major sources of the Township's governmental revenues.



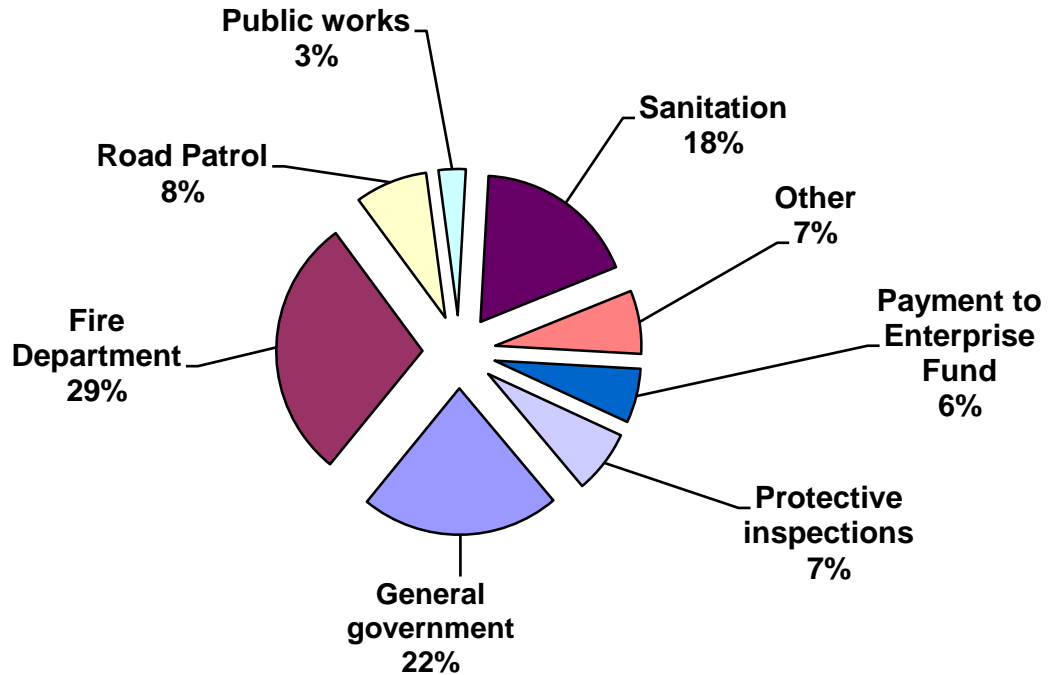
The chart below compares current year revenues with last year.

	2007	2006	Percentage Change
<i>Revenues by Function</i>			
Taxes	\$ 1,846,000	\$ 1,493,000	24%
State shared revenue	1,167,000	1,183,000	-1%
Licenses and permits	366,000	416,000	-12%
Charges for services	162,000	304,000	-47%
Investment earnings	260,000	229,000	14%
Collection fees	195,000	177,000	10%
Other	65,000	163,000	-60%
Special assessments levied	77,000	56,000	38%
Total	<u>\$ 4,138,000</u>	<u>\$ 4,021,000</u>	<u>3%</u>

Overall, 2007 revenues are up \$117,000 or 2.9% mainly due to the increase in taxes from the first year of the new Fire Department Operating millage and improved interest earnings for the year.

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

The graph below details the governmental expenditure categories of the Township.



The chart below compares current year expenditures with last year.

	2007	2006	Percentage Change
<i>Expenditures by Function</i>			
Legislative	\$ 34,000	\$ 32,000	6%
General government	846,000	801,000	6%
Public safety:			
Fire department	1,142,000	1,124,000	2%
Road patrol	303,000	308,000	-2%
Public works	111,000	106,000	5%
Recreation activities	17,000	19,000	-11%
Protective inspections	277,000	164,000	69%
Sanitation	709,000	683,000	4%
Other	288,000	274,000	5%
Payment to Enterprise Fund	215,000	259,000	-17%
Total	<u>\$ 3,942,000</u>	<u>\$ 3,770,000</u>	<u>5%</u>

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

Expenditures are up \$172,000 from the prior year mostly due to investments in Township property, replacement of vehicles and road improvements.

Water and Sewer System Funds -The Township's Proprietary funds (the Bay County DWS Bangor Water and Sewer Enterprise Funds) reported net assets of \$15,047,017, which is an increase of \$556,745 over last year's net assets of \$14,490,272. Operating revenues exceeded operating expenses for the year.

General Fund Budgetary Highlights

Over the course of the year, the Township revises its budget to reflect changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the Township's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements. Changes to the General Fund original budget were as follows:

- Budgeted revenues increased by about \$106,000 during the fiscal year. This is mainly due to increases in interest earned, sale of property and insurance claims.
- Budgeted expenditures increased by about \$289,000 during the fiscal year. This is mainly due to the purchase of two new emergency response vehicles, increase in road patrol expenditure, new financial software, road improvements and improvement in Township property.
- Actual revenues for the year were \$16,000 more than anticipated during the fiscal year. The overall change was mainly due to an increase in property tax administration fees.
- Actual expenditures for the year were \$256,000 less than anticipated, mainly due to negotiating a payment plan over three years for the purchase of the new financial software, employment changes in the fire Department personnel and the road improvement for State Street Road was mostly paid for with funds held at the Bay County Road Commission.

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

Capital Assets

At December 31, 2007, the Township had a net \$13.9 million invested in a broad range of capital assets, including land, buildings, equipment, transportation equipment, water and sewer systems. This amount represents a net decrease (including additions and disposals) of approximately \$81,000 from last year.

	Governmental Activities		Business-Type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Land	\$ 286,164	\$ 286,164	\$ 0	\$ 0	\$ 286,164	\$ 286,164
Buildings and improvements	1,570,281	1,441,531	0	0	1,570,281	1,441,531
Equipment	581,018	541,477	0	0	581,018	541,477
Transportation equipment	1,131,072	1,059,474	0	0	1,131,072	1,059,474
Water system	0	0	5,934,930	5,653,035	5,934,930	5,653,035
Sewer system	0	0	18,025,197	18,025,197	18,025,197	18,025,197
 Total capital assets	 3,568,535	 3,328,646	 23,960,127	 23,678,232	 27,528,662	 27,006,878
 Less accumulated depreciation	 1,993,565	 1,868,290	 11,594,883	 11,119,519	 13,588,448	 12,987,809
 Net capital assets	 <u>\$ 1,574,970</u>	 <u>\$ 1,460,356</u>	 <u>\$ 12,365,244</u>	 <u>\$ 12,558,713</u>	 <u>\$ 13,940,214</u>	 <u>\$ 14,019,069</u>

This year's additions for Governmental Activities of \$252,000 Fire Department transportation equipment, building and grounds maintenance equipment, property improvement such as replacement of the parking lot and building additions and upgrades in the financial, tax and permitting software.

This year's additions for Business-Type Activities for the water system included purchases of \$299,000 relating to the State Street Road water main replacement project.

We present more detailed information about our Governmental Activities capital assets in the notes to the financial statements. We anticipate capital additions next year will be as follows:

- Replacing Aerial Ladder Fire Apparatus for approximately \$502,000.

Capital additions to our Business-Type Activities for next year are anticipated as a \$400,000 sanitary sewer extension on Patterson Road and a new water main loop located on North Euclid Avenue from Beaver Road to Tobico Beach Road estimated at \$262,000.

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

Debt

At the end of this year, the Township had \$667,000 in long-term debt outstanding versus \$1.3 million in the previous year. The majority of the Township's debt is related to water system improvements and is reported in the proprietary fund as the Bay County Department of Water and Sewer Bangor Enterprise Fund. This debt is summarized as follows:

	<u>2007</u>	<u>2006</u>
Revenue bonds	\$ 0	\$ 57,371
Installment note	26,543	0
Special assessment bonds	<u>640,592</u>	<u>1,281,184</u>
	<u>\$ 667,135</u>	<u>\$ 1,338,555</u>

Factors Expected to Have an Effect on Future Operations

We expect again to see a decline in state shared revenue next year as the State of Michigan continues to face challenges in balancing its budget. There will also be a reduction in property tax administration fees due to the new tax breaks included in the Michigan Business Tax Act that affects Industrial and Commercial Personal Property in 2008. As in prior years, the Township has faced a continued increase in the cost for health care benefits and property insurance premiums.

The Township will need to seek an increase in revenue and continue to adjust its expenditures. To assist with the balancing of the 2007 budget, the Township Board made changes to the Administration office with the layoff of a part-time position, and reduced the number of working hours for the Deputy Treasurer.

Contacting The Township's Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, contact the Township Clerk's Office at 180 State Park Drive, Bay City, MI 48706.

Charter Township of Bangor
Statement of Net Assets
December 31, 2007

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
<u>Assets</u>				
Cash and investments	\$ 3,544,102	\$ 3,768,186	\$ 7,312,288	\$ 667,132
Receivables:				
Accounts receivable	0	148,276	148,276	0
Accrued interest receivable	0	27,997	27,997	0
Taxes receivable	1,269,718	0	1,269,718	159,338
Due from fiduciary funds	807,023	0	807,023	182,107
Prepaid expenses	630	17,639	18,269	0
Capital assets less accumulated depreciation	1,574,970	12,365,244	13,940,214	8,333
Total assets	7,196,443	16,327,342	23,523,785	1,016,910
<u>Current Liabilities</u>				
Accounts payable	187,409	574,271	761,680	3,572
Accrued payroll	0	2,075	2,075	0
Accrued interest payable	0	5,792	5,792	0
Due to other governments	4,639	0	4,639	0
Deferred revenue	2,035,596	0	2,035,596	341,125
Hall security deposit	675	0	675	0
Installment note	13,272	0	13,272	0
Compensated absences	0	8,639	8,639	0
Bonds payable	0	640,592	640,592	0
Total current liabilities	2,241,591	1,231,369	3,472,960	344,697
<u>Long-term liabilities</u>				
Installment note	13,271	0	13,271	0
Compensated absences	0	48,956	48,956	0
Total long-term liabilities	13,271	48,956	62,227	0
Total liabilities	2,254,862	1,280,325	3,535,187	344,697
<u>Net Assets</u>				
Investment in capital assets - net of related debt	1,562,206	11,718,860	13,281,066	8,333
Restricted	1,792,925	0	1,792,925	0
Unrestricted	1,586,450	3,328,157	4,914,607	663,880
Total net assets	\$ 4,941,581	\$ 15,047,017	\$ 19,988,598	\$ 672,213

See accompanying notes to financial statements.

Charter Township of Bangor
Statement of Activities
For the Year Ended December 31, 2007

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Capital Grants/Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Primary government:							
Legislative	\$ 33,794	\$ 0	\$ 0	\$ (33,794)	\$ 0	\$ (33,794)	\$ 0
General government	840,251	495,317	0	(344,934)	0	(344,934)	0
Public safety	1,446,125	0	0	(1,446,125)	0	(1,446,125)	0
Public works	111,225	0	0	(111,225)	0	(111,225)	0
Recreation activities	17,256	0	0	(17,256)	0	(17,256)	0
Protective inspections	177,229	208,212	0	30,983	0	30,983	0
Sanitation	713,188	1,178	0	(712,010)	0	(712,010)	0
Other	288,035	0	0	(288,035)	0	(288,035)	0
Payment to enterprise fund	215,632	95,392	0	(120,240)	0	(120,240)	0
Total governmental activities	3,842,735	800,099	0	(3,042,636)	0	(3,042,636)	0
Business-type activities:							
Water	1,469,724	1,606,388	0	0	136,664	136,664	0
Sewer	1,749,877	1,770,947	215,632	0	236,702	236,702	0
Total business-type activities	3,219,601	3,377,335	215,632	0	373,366	373,366	0
Total primary government	<u>\$7,062,336</u>	<u>\$4,177,434</u>	<u>\$ 215,632</u>	<u>(3,042,636)</u>	<u>373,366</u>	<u>(2,669,270)</u>	<u>0</u>
Component Units:							
Downtown Development Authority	59,985	0	0	0	0	0	(59,985)
Economic Development Corporation	0	0	0	0	0	0	0
Total component units	<u>\$ 59,985</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(59,985)</u>
General Revenues:							
Taxes				1,846,189	0	1,846,189	306,065
State shared revenue				1,167,025	0	1,167,025	0
Interest and investment earnings				260,327	183,379	443,706	28,356
Other				53,506	0	53,506	0
Total general revenues				<u>3,327,047</u>	<u>183,379</u>	<u>3,510,426</u>	<u>334,421</u>
Change in net assets				<u>284,411</u>	<u>556,745</u>	<u>841,156</u>	<u>274,436</u>
Net assets - beginning of year				<u>4,657,170</u>	<u>14,490,272</u>	<u>19,147,442</u>	<u>397,777</u>
Net assets - end of year				<u>\$ 4,941,581</u>	<u>\$ 15,047,017</u>	<u>\$ 19,988,598</u>	<u>\$ 672,213</u>

See accompanying notes to financial statements.

Charter Township of Bangor
Governmental Funds
Balance Sheet
December 31, 2007

	General	Sanitary Sewer	Trash Collection	Drain Relief Operating	Other Nonmajor Governmental Funds	Total
<u>ASSETS</u>						
Cash and investments	\$ 1,884,526	\$ 1,032,495	\$ 187,825	\$ 30,451	\$ 408,805	\$ 3,544,102
Receivables:						
Taxes receivable	718,638	6,863	363,981	180,236	0	1,269,718
Due from fiduciary funds	368,415	4,067	340,739	93,791	11	807,023
Due from governmental funds	0	0	0	0	6,991	6,991
Prepaid expenditures	630	0	0	0	0	630
Total assets	<u>\$ 2,972,209</u>	<u>\$ 1,043,425</u>	<u>\$ 892,545</u>	<u>\$ 304,478</u>	<u>\$ 415,807</u>	<u>\$ 5,628,464</u>
<u>LIABILITIES AND FUND BALANCE</u>						
<u>Liabilities</u>						
Accounts payable	\$ 113,461	\$ 6,887	\$ 58,616	\$ 0	\$ 8,445	\$ 187,409
Due to governmental funds	6,991	0	0	0	0	6,991
Due to other governments	4,639	0	0	0	0	4,639
Deferred revenue	1,046,019	10,930	704,720	273,927	0	2,035,596
Hall security deposits	675	0	0	0	0	675
Total liabilities	<u>1,171,785</u>	<u>17,817</u>	<u>763,336</u>	<u>273,927</u>	<u>8,445</u>	<u>2,235,310</u>
<u>Fund Balance</u>						
Reserved	200,195	1,025,608	129,209	30,551	407,362	1,792,925
Unreserved:						
Designated	384,496	0	0	0	0	384,496
Undesignated	1,215,733	0	0	0	0	1,215,733
Total fund balance	<u>1,800,424</u>	<u>1,025,608</u>	<u>129,209</u>	<u>30,551</u>	<u>407,362</u>	<u>3,393,154</u>
Total liabilities and fund balance	<u>\$ 2,972,209</u>	<u>\$ 1,043,425</u>	<u>\$ 892,545</u>	<u>\$ 304,478</u>	<u>\$ 415,807</u>	<u>\$ 5,628,464</u>

See accompanying notes to financial statements.

Charter Township of Bangor
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Assets
December 31, 2007

Total fund balance - governmental funds		\$ 3,393,154
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of the capital assets	3,568,535	
Accumulated depreciation	<u>(1,993,565)</u>	1,574,970
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
Installment note		<u>(26,543)</u>
Total net assets - governmental activities		<u><u>\$ 4,941,581</u></u>

See accompanying notes to financial statements.

Charter Township of Bangor
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2007

	General	Sanitary Sewer	Trash Collection	Drain Relief Operating	Other Nonmajor Governmental Funds	Total
<u>Revenues</u>						
Taxes	\$ 890,641	\$ 11,295	\$ 703,480	\$ 240,760	\$ 13	\$ 1,846,189
Collection fees	195,195	0	0	0	0	195,195
State shared revenue	1,167,025	0	0	0	0	1,167,025
Special assessments levied	76,975	0	0	0	0	76,975
Charges for services	65,592	95,392	1,178	0	0	162,162
Interest	156,458	56,941	22,028	956	23,944	260,327
Licenses and permits	157,555	0	0	0	208,212	365,767
Other	62,113	0	0	0	2,768	64,881
Total revenues	2,771,554	163,628	726,686	241,716	234,937	4,138,521
<u>Expenditures</u>						
Legislative	33,794	0	0	0	0	33,794
General government	845,863	0	0	0	0	845,863
Public safety	1,445,073	0	0	0	0	1,445,073
Public works	111,225	0	0	0	0	111,225
Recreation activities	17,256	0	0	0	0	17,256
Protective inspections	0	0	0	0	276,713	276,713
Sanitation	0	0	708,591	0	0	708,591
Other	50,517	13,107	0	224,411	0	288,035
Payment to Enterprise Fund for debt service	0	215,632	0	0	0	215,632
Total expenditures	2,503,728	228,739	708,591	224,411	276,713	3,942,182
Excess (deficiency) of revenues over expenditures	267,826	(65,111)	18,095	17,305	(41,776)	196,339
Fund balance - beginning of year	1,532,598	1,090,719	111,114	13,246	449,138	3,196,815
Fund balance - end of year	<u>\$ 1,800,424</u>	<u>\$ 1,025,608</u>	<u>\$ 129,209</u>	<u>\$ 30,551</u>	<u>\$ 407,362</u>	<u>\$ 3,393,154</u>

See accompanying notes to financial statements.

Charter Township of Bangor
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2007

Net change in fund balance - total governmental funds	\$ 196,339
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Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures; in the
statement of activities, these costs are allocated over their
estimated useful lives as depreciation:

Depreciation expense	(137,275)	
Capital outlay	221,955	84,680

Long-term liabilities are not due and payable in the current
period and are not reported in the funds:

Installment note proceeds (non-capital outlay related)	(11,380)	
Installment note payment	14,772	

Change in net assets of governmental activities	\$ 284,411
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See accompanying notes to financial statements.

Charter Township of Bangor
Proprietary Funds
Statement of Net Assets
December 31, 2007

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<u>Assets</u>			
Current Assets:			
Cash and investments	\$ 2,767,376	\$ 1,000,810	\$ 3,768,186
Accounts receivables - net	23,584	124,692	148,276
Interest receivable	18,645	9,352	27,997
Prepaid expenses	10,308	7,331	17,639
Total current assets	<u>2,819,913</u>	<u>1,142,185</u>	<u>3,962,098</u>
Capital assets - at cost	5,934,930	18,025,197	23,960,127
Less allowance for depreciation	<u>(2,627,167)</u>	<u>(8,967,716)</u>	<u>(11,594,883)</u>
Net capital assets	<u>3,307,763</u>	<u>9,057,481</u>	<u>12,365,244</u>
Total assets	<u>6,127,676</u>	<u>10,199,666</u>	<u>16,327,342</u>
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable	561,925	12,346	574,271
Accrued payroll	1,120	955	2,075
Accrued interest payable	0	5,792	5,792
Compensated absences	8,639	0	8,639
Bonds payable	0	640,592	640,592
Total current liabilities	<u>571,684</u>	<u>659,685</u>	<u>1,231,369</u>
Long-term Liabilities:			
Compensated absences	<u>48,956</u>	<u>0</u>	<u>48,956</u>
Total liabilities	<u>620,640</u>	<u>659,685</u>	<u>1,280,325</u>
<u>Net Assets</u>			
Invested in capital assets - net of related debt	3,307,763	8,411,097	11,718,860
Unrestricted	<u>2,199,273</u>	<u>1,128,884</u>	<u>3,328,157</u>
Total net assets	<u>\$ 5,507,036</u>	<u>\$ 9,539,981</u>	<u>\$15,047,017</u>

See accompanying notes to financial statements

Charter Township of Bangor
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended December 31, 2007

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Gross service charges	\$ 1,580,547	\$ 1,685,532	\$ 3,266,079
Water costs	887,899	0	887,899
Gross profit	692,648	1,685,532	2,378,180
Operating revenues:			
Service connections	25,321	0	25,321
Charges, fees, etc.	520	85,415	85,935
Total operating revenues	25,841	85,415	111,256
Operating expenses:			
Personal services	277,161	145,745	422,906
Utilities	4,684	9,283	13,967
Regional charges	85,419	1,107,605	1,193,024
Operation and maintenance	53,641	27,538	81,179
Administration	30,783	42,837	73,620
Fiscal and other charges	109,098	3,545	112,643
Depreciation	0	366,266	366,266
Total operating expenses	560,786	1,702,819	2,263,605
Operating income	157,703	68,128	225,831
Nonoperating revenues (expenses):			
Interest income	127,685	55,694	183,379
Interest expense	(739)	(47,058)	(47,797)
Payment by local unit	0	215,632	215,632
Payment to local unit	(20,300)	0	(20,300)
Change in net assets	264,349	292,396	556,745
Net assets - beginning of year	5,242,687	9,247,585	14,490,272
Net assets - end of year	\$ 5,507,036	\$ 9,539,981	\$ 15,047,017

See accompanying notes to financial statements

Charter Township of Bangor
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2007

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash flows from operating activities:			
Cash received from customers	\$ 1,576,148	\$ 1,675,885	\$3,252,033
Cash payments to suppliers for goods and services	(508,379)	(1,185,067)	(1,693,446)
Cash payments to employees for services	(288,476)	(145,334)	(433,810)
Other operating income	25,841	85,415	111,256
Net cash provided by operating activities	805,134	430,899	1,236,033
Cash flows from capital and related financing activities:			
Principal paid on long-term debt	(57,371)	(640,592)	(697,963)
Interest paid on long-term debt	(1,077)	(52,849)	(53,926)
Payments (to) from local units	(20,300)	215,632	195,332
Acquisition and construction of capital assets	(281,895)	0	(281,895)
Net cash (used) by capital and related financing activities	(360,643)	(477,809)	(838,452)
Cash flows from investing activities:			
Interest and investment earnings	127,096	55,444	182,540
Net increase in cash and cash equivalents	571,587	8,534	580,121
Cash and cash equivalents, beginning of year	2,195,789	992,276	3,188,065
Cash and cash equivalents, end of year	\$ 2,767,376	\$ 1,000,810	\$3,768,186

See accompanying notes to financial statements

Charter Township of Bangor
Statement of Fiduciary Net Assets
December 31, 2007

	Treasurer's Trust and Agency	Current Tax Fund	Total
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash and investments	\$ 44,566	\$2,123,228	\$ 2,167,794
	<u> </u>	<u> </u>	<u> </u>
<u>LIABILITIES</u>			
Due to governmental funds	\$ 1,696	\$ 805,327	\$ 807,023
Due to component units	320	181,787	182,107
Undistributed current taxes	42,550	1,136,114	1,178,664
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	\$ 44,566	\$2,123,228	\$ 2,167,794
	<u> </u>	<u> </u>	<u> </u>

See accompanying notes to financial statements.

Charter Township of Bangor
Component Units
Statement of Net Assets
December 31, 2007

	<u>Downtown Development Authority</u>	<u>Economic Development Corporation</u>	<u>Total Component Units</u>
<u>Assets</u>			
Cash and investments	\$ 657,709	\$ 9,423	\$ 667,132
Taxes receivable	159,338	0	159,338
Due from fiduciary funds	182,107	0	182,107
Capital assets - net	<u>8,333</u>	<u>0</u>	<u>8,333</u>
Total assets	<u>1,007,487</u>	<u>9,423</u>	<u>1,016,910</u>
 <u>Liabilities</u>			
Accounts payable	3,572	0	3,572
Deferred revenue	<u>341,125</u>	<u>0</u>	<u>341,125</u>
Total liabilities	<u>344,697</u>	<u>0</u>	<u>344,697</u>
 <u>Net Assets</u>			
Investment in capital assets - net of related debt	8,333	0	8,333
Unrestricted	<u>654,457</u>	<u>9,423</u>	<u>663,880</u>
Total net assets	<u><u>\$ 662,790</u></u>	<u><u>\$ 9,423</u></u>	<u><u>\$ 672,213</u></u>

See accompanying notes to financial statements

Charter Township of Bangor
Component Units
Statement of Activities
For the Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority	Economic Development Corporation	Total
Downtown Development Authority							
General government	\$ 19,086	\$ 0	\$ 0	\$ 0	\$ (19,086)	\$ 0	\$ (19,086)
Public works	40,899	0	0	0	(40,899)	0	(40,899)
	<u>59,985</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(59,985)</u>	<u>0</u>	<u>(59,985)</u>
Economic Development Corporation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total component units	<u>\$ 59,985</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(59,985)</u>	<u>0</u>	<u>(59,985)</u>
General Revenues:							
Taxes					306,065	0	306,065
Interest and investment earnings					<u>27,896</u>	<u>460</u>	<u>28,356</u>
Total general revenues					<u>333,961</u>	<u>460</u>	<u>334,421</u>
Change in net assets					273,976	460	274,436
Net assets - beginning of year					<u>388,814</u>	<u>8,963</u>	<u>397,777</u>
Net assets - end of year					<u>\$ 662,790</u>	<u>\$ 9,423</u>	<u>\$ 672,213</u>

See accompanying notes to financial statements

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Charter Township of Bangor conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Bangor:

Reporting Entity

The Charter Township of Bangor was organized under the Charter Township Act of 1947 and covers an area of approximately 15.3 square miles. The Township operates under an elected board (seven members) and provides services to its more than 15,500 residents in many areas including fire protection, highways and streets. The reporting entity for the Township is based on criteria set forth by statements issued by the Governmental Accounting Standards Board. All activities over which the Township exercises oversight responsibility have been included in the reporting entity. Oversight responsibility is determined by factors such as financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters of the entity.

Discretely Presented Component Units - The component unit column in the basic financial statements, which represents the financial data of the Charter Township of Bangor Downtown Development Authority and the Economic Development Corporation of the Charter Township of Bangor, is reported in a separate column to emphasize that it is legally separate from the Township. The governing body of the Downtown Development Authority consists of the Chief Executive Officer of the Charter Township of Bangor and eight (8) members as provided by Act 197. The Authority was established to correct and prevent urban deterioration and encourage economic development. The governing body of the Economic Development Corporation consists of nine members appointed by the Township Board of Trustees and two additional members appointed by the Economic Development Corporation members as provided by Act 338. The Economic Development Corporation was established as a means and method for the encouragement and assistance of industrial and commercial enterprises in locating and expanding in the Township and to more conveniently provide needed services and facilities of such enterprises to the Township and its residents.

These statements also include the water and sewer systems managed by the Bay County Department of Water and Sewer on behalf of the Township. GASB #34 now requires this activity to be reported in the Township's annual financial statements. The Township has sole authority to set rates and is financially responsible for the integrity of the system. The financial statements reflect the financial position and results of operations for the systems for the calendar year 2007. These funds are the Township's only proprietary funds.

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, state shared revenues, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue in the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

The Government reports the following major funds:

General Fund - The General Fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

Sanitary Sewer Fund – The Sanitary Sewer Fund is used to record transactions relative to the operation of the sewer system in the Township.

Trash Collection Fund – The Trash Collection Fund is used to record transactions for the collection of trash in the Township.

Relief Drain Operating Fund – This Fund is used to record transactions for the collection of drain taxes in the Township.

Bay County Department of Water and Sewer Enterprise Funds – These funds account for the activities of providing water and sewer services to the public. These activities are managed by the Bay County Department of Water and Sewer on behalf of the Township. These funds are the Township's only proprietary funds.

Assets, Liabilities, and Net Assets or Equity

Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities are reported in the government-wide financial statements as “internal balances”.

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Capital Assets – Capital assets, which include land, buildings, equipment and infrastructure assets are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add value or materially extend asset lives are not capitalized.

Land, building, equipment and infrastructure is depreciated using the straight-line method over the following useful lives:

Buildings	39 Years
Building and land improvements	7 to 20 Years
Water and sewer lines	40 to 50 Years
Equipment	7 to 20 Years
Transportation equipment	5 to 15 Years

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity/Net Assets – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, governmental activities report restrictions of net assets for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Use of Estimates – The process of preparing the basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 – BUDGETS

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for General and Special Revenue Funds of governments prior to the expenditure of monies in a fiscal year.

The Charter Township of Bangor follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Township's supervisor submits to the Board a proposed budget prior to October 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Budgeted amounts are as originally adopted, or as amended by the Board throughout the year. Individual amendments were not material in relation to the original appropriations. Budgets are adopted to the functional level.
4. Appropriations lapse at year-end. These appropriations are re-established at the beginning of the following year.

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board) for the General Fund, Sanitary Sewer Fund, Trash Collection Fund and Relief Drain Operating Fund is presented as Required Supplemental Information.

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 3 – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Government is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rates within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The Government's deposits are in accordance with statutory authority.

At year-end, the Government's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total	Component Units
Cash and investments	<u>\$ 3,544,102</u>	<u>\$ 3,768,186</u>	<u>\$ 2,167,794</u>	<u>\$9,480,082</u>	<u>\$ 667,132</u>

The breakdown between deposits and investments is as follows:

Deposits (checking and savings accounts, certificates of deposit)	\$ 4,582,820
Deposits and investments held at the Department of Water and Sewer	3,768,186
Investments (money market mutual funds)	1,127,976
Petty cash and cash on hand	<u>1,100</u>
Total	<u>\$ 9,480,082</u>

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2007, \$3,782,856 of the Township's bank balance of \$4,582,820 was exposed to custodial credit risk because it was uninsured and uncollateralized. At December 31, 2007, \$557,708 of the component unit's bank balance of \$657,708 was exposed to custodial credit risk. Business-type activity funds of \$3,768,186 are with the Department of Water and Sewer. The composition of deposits and investments and the amount of deposits covered by federal depository insurance cannot be determined.

The Township's investment policy does not identify interest rate risk, foreign currency risk or concentration of credit risk.

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 4 - CAPITAL ASSETS

Capital asset activity of the Township for the current year was as follows:

	Beginning Balance	Additions	Disposals and Adjustments	Ending Balance
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 286,164	\$ 0	\$ 0	\$ 286,164
Capital assets being depreciated:				
Buildings and improvements	1,441,531	128,750	0	1,570,281
Equipment	541,477	39,541	0	581,018
Transportation equipment	1,059,474	83,598	12,000	1,131,072
Subtotal	<u>3,042,482</u>	<u>251,889</u>	<u>12,000</u>	<u>3,282,371</u>
Less accumulated depreciation for:				
Buildings and improvements	753,708	38,858	0	792,566
Equipment	348,117	49,559	0	397,676
Transportation equipment	766,465	48,858	12,000	803,323
Subtotal	<u>1,868,290</u>	<u>137,275</u>	<u>12,000</u>	<u>1,993,565</u>
Net capital assets being depreciated	<u>1,174,192</u>	<u>114,614</u>	<u>0</u>	<u>1,288,806</u>
Governmental activities, total capital assets - net of depreciation	<u>\$ 1,460,356</u>	<u>\$ 114,614</u>	<u>\$ 0</u>	<u>\$ 1,574,970</u>
<u>Business-type activities:</u>				
Capital assets being depreciated:				
Water system	\$ 5,635,228	\$ 299,702	\$ 0	\$ 5,934,930
Sewer system	18,025,197	0	0	18,025,197
Subtotal	<u>23,660,425</u>	<u>299,702</u>	<u>0</u>	<u>23,960,127</u>
Less accumulated depreciation for:				
Water system	2,518,069	109,098	0	2,627,167
Sewer system	8,601,450	366,266	0	8,967,716
Subtotal	<u>11,119,519</u>	<u>475,364</u>	<u>0</u>	<u>11,594,883</u>
Business-type activities, total capital assets, net of depreciation	<u>\$ 12,540,906</u>	<u>\$ (175,662)</u>	<u>\$ 0</u>	<u>\$ 12,365,244</u>

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Ending Balance</u>
<u>Component unit activities:</u>				
Capital assets being depreciated:				
Equipment	\$ 50,000	\$ 0	\$ 0	\$ 50,000
Less accumulated depreciation for:				
Equipment	<u>36,667</u>	<u>5,000</u>	<u>0</u>	<u>41,667</u>
Component unit activities, total capital assets, net of depreciation	<u>\$ 13,333</u>	<u>\$ (5,000)</u>	<u>\$ 0</u>	<u>\$ 8,333</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 126,218
Public safety	1,052
Sanitation	4,597
Protective inspections	<u>5,408</u>
Total governmental activities depreciation expense	<u>\$ 137,275</u>
Business-type activities:	
Water	\$ 109,098
Sewer	<u>366,266</u>
Total business-type activities depreciation expense	<u>\$ 475,364</u>
Component unit activities:	
Downtown Development Authority	<u>\$ 5,000</u>

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of inter-fund receivable and payable balances at December 31, 2007 and transfers made during the year ended December 31, 2007 is as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 368,415	\$ 6,991	\$ 0	\$ 0
Trash Collection	340,739	0	0	0
Sanitary Sewer	4,067	0	0	0
Inspection	6,991	0	0	0
Drain Relief Operating and Branches Drainage District	11	0	0	0
Drain Debt	93,791	0	0	0
Downtown Development Authority	182,107	0	0	0
Delinquent Tax	0	2,016	0	0
Current Tax	0	987,114	0	0
	<u>\$ 996,121</u>	<u>\$ 996,121</u>	<u>\$ 0</u>	<u>\$ 0</u>

These inter-fund receivable and payable balances resulted from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

There were no inter-fund transfers made during the year.

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 6 - LONG-TERM DEBT

The Township's debt is mainly related to water and sewer system improvements and is reported in the proprietary funds as the Bay County Department of Water and Sewer Bangor Enterprise Funds. The following detail shows what is owed by the Township.

Long-term debt obligation activity can be summarized as follows:

	Balance January 1, 2007	Additions	Retirements and Payments	Balance December 31, 2007	Amount Due Within One Year
Bonds and notes	\$ 1,338,555	\$ 41,315	\$ (712,735)	\$ 667,135	\$ 653,864

	Beginning Balance	Increase (Decrease)	Ending Balance
Primary Government			
2007 Installment note due in annual installments of \$13,272 through 2009, interest at 0%.	\$ 0	\$ 26,543	\$ 26,543
1997 Bangor Township Water Extension Note, due in annual installments through 2007 with an interest rate of 5.25%	57,371	(57,371)	0
Bay County West Side Regional Sewage Disposal General Obligation Bonds, dated July 1, 1978, due in annual installments through May 1, 2008, bearing interest rates of 5.5% to 6.5%.	1,281,184	(640,592)	640,592
	<u>\$ 1,338,555</u>	<u>\$ (671,420)</u>	<u>\$ 667,135</u>

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year End December 31</u>	<u>Government-Type Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 13,272	\$ 0	\$ 640,592	\$ 17,616
2009	13,271	0	0	0
	<u>\$ 26,543</u>	<u>\$ 0</u>	<u>\$ 640,592</u>	<u>\$ 17,616</u>

NOTE 7 - PENSION PLAN

The Township has established The Charter Township of Bangor Group Pension Plan, a defined contribution, contributory retirement plan that covers substantially all employees of the Township. The plan requires a mandatory employee contribution of 5% of base pay and allows an additional participant contribution of up to 10% of base pay. The employer's contribution to the plan is 10% of base pay. The employer's pension expense for the year ended December 31, 2007 was \$100,358.

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 8 - COMPENSATED ABSENCES PAYABLE

Under the negotiated fire-fighters union contract, fire-fighters have the use of an unlimited number of sick days until such a time (six months) that they qualify for long-term disability insurance. The Township has a short-term disability insurance policy, which covers a portion of the employee's compensation for illnesses that exceed seven days until they qualify for the long-term disability. Therefore, there are no compensated absences related to sick pay payable at December 31, 2007.

Under the negotiated clerical workers contract, those covered; receive five days of compensated sick days per year. For illnesses that exceed seven days, short-term disability becomes effective through the first six months. Beyond six months, long-term disability becomes effective. Therefore at December 31, 2007, there are no compensated absences payable.

The Department of Water and Sewer has an employee benefit plan that allows employees to accumulate unused sick days up to a maximum of 120 days. Union employees may either use these sick days when ill or receive payment for 70% of the unused portion at time of retirement. All other employees receive 85% of the unused portion at time employment is terminated. Employees are also allowed to accumulate unused vacation days. Employees can accumulate a maximum of 30 days to carry over at the end of the year. In addition, the DWS provides a longevity payment to all supervisory and administrative employees at time of retirement. The benefit is based on years of employment times one-third of monthly salary, with a maximum payment of six months of salary. The cost of this benefit is recognized when earned. The total liability for compensated absences was \$57,595, of which \$8,639 was current and \$48,956 was long-term.

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 9 - FUND BALANCES – DESIGNATED

The following is activity related to designated fund balances:

	Balance January 1, 2007	Additional Designations	Usage of Designations	Balance December 31, 2007
Fire Department	\$ 121,097	\$ 0	\$ 32,756	\$ 88,341
Acquisition of data equipment	19,700	0	0	19,700
Road improvement	4,418	40,000	19,500	24,918
Township vehicle replacement	14,000	6,000	0	20,000
Building and grounds improvement	6,495	74,000	0	80,495
Drain project	43,324	10,000	0	53,324
Sidewalks	40,073	0	0	40,073
Boat launch	0	3,260	0	3,260
Encumbrances	13,570	54,385	13,570	54,385
	<u>\$ 262,677</u>	<u>\$ 187,645</u>	<u>\$ 65,826</u>	<u>\$ 384,496</u>

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 10 - RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	Water Fund	Sewer Fund	Total
Operating income	\$ 157,703	\$ 68,128	\$ 225,831
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation	109,098	366,266	475,364
Changes in assets and liabilities			
Accounts receivable	(4,399)	(9,647)	(14,046)
Prepaid expenses	1,303	946	2,249
Accounts payable	552,744	4,795	557,539
Accrued payroll	(334)	411	77
Compensated absences	(10,981)	0	(10,981)
Net cash provided by operating activities	<u>\$ 805,134</u>	<u>\$ 430,899</u>	<u>\$ 1,236,033</u>

NOTE 11 – DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, property tax revenues received or accrued prior to meeting all eligibility requirements and other governmental revenues amounted to \$2,035,596.

NOTE 12 – DEFERRED COMPENSATION PLAN

The Charter Township of Bangor offers its employees a deferred compensation plan created in accordance to Internal Revenue Code Section 457. The plan, available to all township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

As of January 1, 1999, the plan's assets are required to be held in trust for the exclusive benefit of the participants and their beneficiaries in order to remain an eligible plan. Under these new requirements, the Township would no longer own the amounts deferred by employees. Consequently, the Township no longer reports these assets and liabilities in their financial statements.

Charter Township of Bangor
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Taxes	\$ 877,965	\$ 889,368	\$ 890,641	\$ 1,273
Collection fees	178,278	183,726	195,195	11,469
State shared revenue	1,158,877	1,167,044	1,167,025	(19)
Special assessments levied	64,419	67,284	76,975	9,691
Interest and rental	135,863	155,765	156,458	693
Licenses and permits	154,175	159,720	157,555	(2,165)
Charges for services	70,165	67,945	65,592	(2,353)
Other	9,750	64,727	62,113	(2,614)
Total revenues	<u>2,649,492</u>	<u>2,755,579</u>	<u>2,771,554</u>	<u>15,975</u>
<u>Expenditures</u>				
Legislative	33,994	33,849	33,794	55
General government	811,432	904,428	845,863	58,565
Public safety	1,426,264	1,556,279	1,445,073	111,206
Public works	125,300	183,167	111,225	71,942
Recreation activities	19,066	19,564	17,256	2,308
Other	54,600	61,954	50,517	11,437
Total expenditures	<u>2,470,656</u>	<u>2,759,241</u>	<u>2,503,728</u>	<u>255,513</u>
Excess (deficiency) of revenues over expenditures	178,836	(3,662)	267,826	271,488
Fund balance - beginning of year	<u>1,532,598</u>	<u>1,532,598</u>	<u>1,532,598</u>	<u>0</u>
Fund balance - end of year	<u>\$ 1,711,434</u>	<u>\$ 1,528,936</u>	<u>\$ 1,800,424</u>	<u>\$ 271,488</u>

Charter Township of Bangor
 Required Supplemental Information
 Budgetary Comparison Schedule - Sanitary Sewer Fund
For the Year Ended December 31, 2007

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Taxes	\$ 11,295	\$ 11,295	\$ 11,295	\$ 0
Sewer Tap/Installation Reimbursement	91,400	95,673	95,392	(281)
Interest	40,000	56,941	56,941	0
Total revenues	142,695	163,909	163,628	(281)
<u>Expenditures</u>				
Other	164,435	164,435	13,107	151,328
Payment to Enterprise Fund for debt service	324,000	324,000	215,632	108,368
Total expenditures	488,435	488,435	228,739	259,696
Excess (deficiency) of revenues over expenditures	(345,740)	(324,526)	(65,111)	259,415
Fund balance - beginning of year	1,090,719	1,090,719	1,090,719	0
Fund balance - end of year	<u>\$ 744,979</u>	<u>\$ 766,193</u>	<u>\$ 1,025,608</u>	<u>\$ 259,415</u>

Charter Township of Bangor
Required Supplemental Information
Budgetary Comparison Schedule - Trash Collection Fund
For the Year Ended December 31, 2007

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Taxes	\$ 704,973	\$ 704,973	\$ 703,480	\$ (1,493)
Charges for services	0	0	1,178	1,178
Interest	7,500	22,028	22,028	0
Total revenues	712,473	727,001	726,686	(315)
<u>Expenditures</u>				
Sanitation	719,491	734,020	708,591	25,429
Total expenditures	719,491	734,020	708,591	25,429
Excess (deficiency) of revenues over expenditures	(7,018)	(7,019)	18,095	25,114
Fund balance - beginning of year	111,114	111,114	111,114	0
Fund balance - end of year	\$ 104,096	\$ 104,095	\$ 129,209	\$ 25,114

Charter Township of Bangor
Required Supplemental Information
Budgetary Comparison Schedule - Drain Relief Operating Fund
For the Year Ended December 31, 2007

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Taxes	\$ 236,630	\$ 240,285	\$ 240,760	\$ 475
Interest	300	300	956	656
Total revenues	236,930	240,585	241,716	1,131
<u>Expenditures</u>				
Other	236,930	236,930	224,411	12,519
Total expenditures	236,930	236,930	224,411	12,519
Excess of revenues over expenditures	0	3,655	17,305	13,650
Fund balance - beginning of year	13,246	13,246	13,246	0
Fund balance - end of year	\$ 13,246	\$ 16,901	\$ 30,551	\$ 13,650

Charter Township of Bangor
Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

	<u>Special Revenue Funds</u>		
	Bangor Township Relief Drain and Branches <u>Drainage District</u>	<u>Inspection</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash and investments	\$ 90,303	\$ 318,502	\$ 408,805
Due from fiduciary funds	11	0	11
Due from governmental funds	0	6,991	6,991
	<u>\$ 90,314</u>	<u>\$ 325,493</u>	<u>\$ 415,807</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>Liabilities</u>			
Accounts payable	\$ 0	\$ 8,445	\$ 8,445
<u>Fund Balance</u>			
Reserved	<u>90,314</u>	<u>317,048</u>	<u>407,362</u>
Total liabilities and fund balance	<u>\$ 90,314</u>	<u>\$ 325,493</u>	<u>\$ 415,807</u>

Charter Township of Bangor
 Other Supplemental Information
 Combining Statement of Revenues, Expenditures and Changes
 in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2007

	Special Revenue Funds		
	Bangor Township Relief Drain and Branches Drainage District	Inspection	Totals
<u>Revenues</u>			
Taxes	\$ 13	\$ 0	\$ 13
Interest	4,432	19,512	23,944
Other	1,951	817	2,768
Licenses and permits	0	208,212	208,212
Total revenues	6,396	228,541	234,937
<u>Expenditures</u>			
Protective inspections	0	276,713	276,713
Total expenditures	0	276,713	276,713
Excess of revenues over (under) expenditures	6,396	(48,172)	(41,776)
Fund balance - beginning of year	83,918	365,220	449,138
Fund balance - end of year	\$ 90,314	\$ 317,048	\$ 407,362

Charter Township of Bangor
 Other Supplemental Information
 Proprietary Sewer Fund
 Combining Statement of Net Assets
December 31, 2007

	<u>DWS</u>	<u>Township</u>	<u>Total</u>
<u>Assets</u>			
Current Assets:			
Cash and investments	\$ 1,000,810	\$ 0	\$ 1,000,810
Accounts receivable - net	124,692	0	124,692
Interest receivable	9,352	0	9,352
Prepaid expenses	7,331	0	7,331
Total current assets	<u>1,142,185</u>	<u>0</u>	<u>1,142,185</u>
 Capital assets - at cost	 17,816,608	 208,589	 18,025,197
Less allowance for depreciation	<u>(8,956,852)</u>	<u>(10,864)</u>	<u>(8,967,716)</u>
Net capital assets	<u>8,859,756</u>	<u>197,725</u>	<u>9,057,481</u>
 Total assets	 <u>10,001,941</u>	 <u>197,725</u>	 <u>10,199,666</u>
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable	12,346	0	12,346
Accrued payroll	955	0	955
Accrued interest payable	5,792	0	5,792
Bonds payable	640,592	0	640,592
Total current liabilities	<u>659,685</u>	<u>0</u>	<u>659,685</u>
 Long-term liabilities:			
Bonds payable	<u>0</u>	<u>0</u>	<u>0</u>
Total long-term liabilities	<u>0</u>	<u>0</u>	<u>0</u>
 Total liabilities	 <u>659,685</u>	 <u>0</u>	 <u>659,685</u>
<u>Net Assets</u>			
Invested in capital assets - net of related debt	8,213,372	197,725	8,411,097
Unrestricted	<u>1,128,884</u>	<u>0</u>	<u>1,128,884</u>
 Total net assets	 <u><u>\$ 9,342,256</u></u>	 <u><u>\$ 197,725</u></u>	 <u><u>\$ 9,539,981</u></u>

Charter Township of Bangor
 Other Supplemental Information
 Combining Statement of Revenues, Expenditures and Changes
 in Net Assets - Proprietary Sewer Fund
For the Year Ended December 31, 2007

	<u>DWS</u>	<u>Township</u>	<u>Total</u>
Gross service charges	\$ 1,685,532	\$ 0	\$ 1,685,532
Operating revenues:			
Charges, fees, etc.	<u>85,415</u>	<u>0</u>	<u>85,415</u>
Total operating revenues	<u>85,415</u>	<u>0</u>	<u>85,415</u>
Operating expenses:			
Personal services	145,745	0	145,745
Utilities	9,283	0	9,283
Regional charges	1,107,605	0	1,107,605
Operation and maintenance	27,538	0	27,538
Administration	42,837	0	42,837
Fiscal and other charges	3,545	0	3,545
Depreciation	<u>361,051</u>	<u>5,215</u>	<u>366,266</u>
Total operating expenses	<u>1,697,604</u>	<u>5,215</u>	<u>1,702,819</u>
Operating income (loss)	73,343	(5,215)	68,128
Nonoperating revenues (expenses):			
Interest income	55,694	0	55,694
Interest expense	(47,058)	0	(47,058)
Payment by local unit	<u>215,632</u>	<u>0</u>	<u>215,632</u>
Change in net assets	297,611	(5,215)	292,396
Net assets - beginning of year	<u>9,044,645</u>	<u>202,940</u>	<u>9,247,585</u>
Net assets - end of year	<u><u>\$ 9,342,256</u></u>	<u><u>\$ 197,725</u></u>	<u><u>\$ 9,539,981</u></u>

Charter Township of Bangor
Other Supplemental Information
Combining Statement of Cash Flows
Proprietary Sewer Fund
For the Year Ended December 31, 2007

	<u>DWS</u>	<u>Township</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 1,675,885	\$ 0	\$1,675,885
Cash payments to suppliers for goods and services	(1,185,067)	0	(1,185,067)
Cash payments to employees for services	(145,334)	0	(145,334)
Other operating income	85,415	0	85,415
	<u>430,899</u>	<u>0</u>	<u>430,899</u>
Net cash provided by operating activities			
Cash flows from capital and related financing activities:			
Principal paid on long-term debt	(640,592)	0	(640,592)
Interest paid on long-term debt	(52,849)	0	(52,849)
Payments from (to) local units	215,632	0	215,632
Acquisition and construction of capital assets	0	0	0
	<u>(477,809)</u>	<u>0</u>	<u>(477,809)</u>
Net cash (used) by capital and related financing activities			
Cash flows from investing activities:			
Interest and investment earnings	55,444	0	55,444
	<u>55,444</u>	<u>0</u>	<u>55,444</u>
Net (decrease) in cash and cash equivalents	8,534	0	8,534
Cash and cash equivalents, beginning of year	992,276	0	992,276
Cash and cash equivalents, end of year	<u>\$ 1,000,810</u>	<u>\$ 0</u>	<u>\$1,000,810</u>



WEINLANDER FITZHUGH

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May 29, 2008

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Township Board
Charter Township of Bangor
Bay County, Michigan

In planning and performing our audit of the financial statements of the Charter Township of Bangor as of and for the year ended December 31, 2007, in accordance with U.S. generally accepted auditing standards, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies. However as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

As part of our consideration of the internal control over financial reporting, we as auditors are not allowed to be considered to be part of the Township's internal controls. In taking this required position, we must consider whether the Township has the ability, on its own, to monitor and report annual financial activity in accordance with our professional standards without auditor involvement.

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RSM McGladrey Network

An Independently Owned Member



WEINLANDER FITZHUGH

Township Board
Charter Township of Bangor
May 29, 2008
Page 2

The Township uses accounting software as a management tool to monitor the financial status of the Township, to facilitate the preparation and amendment of budgets and to compare budgeted amounts to actual results. In addition, the Township demonstrates the ability to report fund level activities, monitor fiduciary fund activities and report on certain fund level note disclosures. Due to the complexity of the required government-wide financial statements, proprietary fund statements and related note disclosures in accordance with GASB 34, the Township does not maintain personnel who can properly report in accordance with U.S. generally accepted accounting principles without auditor involvement.

This communication is intended solely for the information and use of management, and the Township Board and is not intended to be and should not be used by anyone other than these specified parties.

Weinlander Fitzhugh